

Message Text

SECRET

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22-11

ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 SP-02 INR-05

L-01 OES-02 PM-03 SAM-01 CIAE-00 DODE-00 OMB-01

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R 172302Z FEB 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 9062

INFO AMEMBASSY BOGOTA

S E C R E T QUITO 1320

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, PINR, EC

SUBJECT: PETROLEUM: VISIT OF GUSTAVO LARREA CORDOVA

REF: BREWSTER/LARREA MEMCON FEB. 16

1. GUSTAVO LARREA CORDOVA, FORMER GOE AMB TO THE US, CALLED ON ME FEB. 16. LARREA HAD JUST FINISHED A LONG LUNCHEON MEETING WITH THE PRESIDENT OF THE SUPREME COUNCIL OF GOVERNMENT, VICE ADMIRAL ALFREDO POVEDA BURBANO, DURING WHICH ECUADOR'S PETROLEUM POLICY WAS DISCUSSED.

2. LARREA SAID HE WAS CONCERNED ABOUT THE PRESENCE OF "COMMUNISTS" IN THE MINISTRY OF NATURAL RESOURCES AND THE PROBLEMS THEY WERE CREATING. HE SAID THAT POVEDA UNDERSTANDS THE SITUATION AND PLANNED TO SEND THE "COMMUNISTS" ABROAD. POVEDA FURTHER COMMENTED THAT HE WOULD PERMIT NO PETROLEUM PRICE RISE.

3. THE MAIN PURPOSE OF LARREA'S VISIT WAS TO ALERT ME THAT POVEDA INTENDED TO INVITE ME TO CALL TO DISCUSS THE PETROLEUM SITUATION. I HAVE SINCE RECEIVED FURTHER CONFIRMATION VIA ANOTHER CHANNEL OF POVEDA'S DESIRE TO
SECRET

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DISCUSS PETROLEUM WITH ME. POVEDA REPORTEDLY TOLD LARREA

THAT THE EMBASSY'S ATTITUDE ON THE PETROLEUM QUESTION WAS
"VERY CORRECT."

4. I TOLD LARREA THAT I WAS AWARE OF TEXACO/GULF'S PROBLEM
AND THAT I COULD NOT BE OPTIMISTIC. I SAID THAT MY CON-
VERSATIONS WITH COMPANY OFFICIALS SUGGESTED TO ME THAT
THE COMPANY FELT SO PUT UPON BY THE GOE THAT, IN FACT,
THE COMPANY DID WISH TO SELL ITS INTERESTS TO THE GOVERN-
MENT.

5. LARREA EXPRESSED HIS OPINION THAT THE GOE'S PURCHASE
OF THE TEXACO/GULF OPERATION WOULD BE A DISASTER FOR THE
COUNTRY. RUMANIA, HE SAID, HAD OFFERED TO PROVIDE TECH-
NICAL ASSISTANCE AND TO MARKET ECUADOREAN CRUDE, IN THE EVENT
OF THE GOE PURCHASE. LARREA COMMENTED THAT POVEDA OPPOSED
THE IDEA.

6. LARREA ASKED THAT I KEEP OUR CONVERSATION CONFIDENTIAL
AND SAID THAT HE WOULD CALL ME IN A WEEK TO SEE WHETHER
POVEDA HAD TALKED TO ME.
BREWSTER

SECRET

NNN

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